

**COURT APPOINTED SPECIAL  
ADVOCATES OF TRAVIS COUNTY**

**FINANCIAL STATEMENTS**

**December 31, 2016 and 2015**

**COURT APPOINTED SPECIAL  
ADVOCATES OF TRAVIS COUNTY**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Court Appointed Special Advocates of Travis County  
Austin, Texas

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Court Appointed Special Advocates of Travis County (CASA), which comprise the statements of financial position as of December 31, 2016 and 2015, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CASA as of December 31, 2016 and 2015, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Statements of Revenues and Expenses on pages 20 and 21 are presented for purposes of additional analysis for a funding source and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.



Austin, Texas

May 4, 2017

COURT APPOINTED SPECIAL ADVOCATES OF TRAVIS COUNTY  
STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2016 AND 2015

ASSETS	2016	2015
Current assets		
Cash and cash equivalents	\$ 1,489,551	\$ 1,292,322
Pledge receivables	204,417	162,000
Grant receivables, net	375,457	650,143
Other receivables	90,627	89,002
Prepaid expenses	33,613	76,940
Total current assets	2,193,665	2,270,407
Property and equipment, net	8,417	13,306
Other assets		
Pledge receivables, net	67,901	139,851
Lease deposit and HRA trust balance	11,868	17,105
CASA of Travis County Endowment Fund	72,633	67,689
Cash and cash equivalents - restricted		
by capital campaign	7,349	7,349
Total other assets	159,751	231,994
 TOTAL ASSETS	 \$ 2,361,833	 \$ 2,515,707
 LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 36,706	\$ 35,604
Compensated absences payable	42,297	44,152
Deferred rent	11,778	16,984
Deferred revenue	70,590	50,350
Total current liabilities	161,371	147,090
Net assets		
Unrestricted	799,830	725,922
Unrestricted- Board designated	882,660	850,557
Total unrestricted net assets	1,682,490	1,576,479
Temporarily restricted	517,972	792,138
Total net assets	2,200,462	2,368,617
 TOTAL LIABILITIES AND NET ASSETS	 \$ 2,361,833	 \$ 2,515,707

The accompanying notes are an integral part of these financial statements.

COURT APPOINTED SPECIAL ADVOCATES OF TRAVIS COUNTY  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2016

	Unrestricted	Temporarily Restricted	Total
<b>PUBLIC SUPPORT, REVENUES AND OTHER</b>			
Public support and revenues			
Government contracts	\$ 1,147,767	\$ -	\$ 1,147,767
Grants	725,900	-	725,900
Contributions	794,053	-	794,053
Pledges	-	101,833	101,833
Special events revenue	887,747		
Less costs of direct benefit to donors	<u>(205,922)</u>		
Net revenues from special events	681,825	-	681,825
In-kind contributions	4,556	-	4,556
Interest income	234	-	234
Miscellaneous	496	-	496
Investment earnings on endowment fund	5,812	-	5,812
Total public support and revenues	<u>3,360,643</u>	<u>101,833</u>	<u>3,462,476</u>
Net assets released from restrictions	<u>375,999</u>	<u>(375,999)</u>	<u>-</u>
<b>TOTAL PUBLIC SUPPORT, REVENUES AND OTHER</b>	<b>3,736,642</b>	<b>(274,166)</b>	<b>3,462,476</b>
<b>EXPENSES</b>			
Program	2,938,330	-	2,938,330
Management and general	183,702	-	183,702
Fundraising	508,599	-	508,599
<b>TOTAL EXPENSES</b>	<u>3,630,631</u>	<u>-</u>	<u>3,630,631</u>
Change in net assets	106,011	(274,166)	(168,155)
NET ASSETS, beginning of year	<u>1,576,479</u>	<u>792,138</u>	<u>2,368,617</u>
NET ASSETS, end of year	<u>\$ 1,682,490</u>	<u>\$ 517,972</u>	<u>\$ 2,200,462</u>

The accompanying notes are an integral part of these financial statements.

COURT APPOINTED SPECIAL ADVOCATES OF TRAVIS COUNTY  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>PUBLIC SUPPORT, REVENUES AND OTHER</b>			
Public support and revenues			
Government contracts	\$ 1,030,086	\$ -	\$ 1,030,086
Grants	870,750	468,000	1,338,750
Contributions	706,488	7,500	713,988
Pledges	-	282,000	282,000
Special events revenue	807,201		
Less costs of direct benefit to donors	<u>(190,906)</u>		
Net revenues from special events	616,295	-	616,295
In-kind contributions	18,585	-	18,585
Interest income	343	-	343
Miscellaneous	72	-	72
Investment earnings on endowment fund	<u>(3,602)</u>	<u>-</u>	<u>(3,602)</u>
Total public support and revenues	<u>3,239,017</u>	<u>757,500</u>	<u>3,996,517</u>
Net assets released from restrictions	<u>386,881</u>	<u>(386,881)</u>	<u>-</u>
<b>TOTAL PUBLIC SUPPORT, REVENUES AND OTHER</b>	<b>3,625,898</b>	<b>370,619</b>	<b>3,996,517</b>
<b>EXPENSES</b>			
Program	2,833,441	-	2,833,441
Management and general	209,983	-	209,983
Fundraising	<u>415,307</u>	<u>-</u>	<u>415,307</u>
TOTAL EXPENSES	<u>3,458,731</u>	<u>-</u>	<u>3,458,731</u>
Change in net assets	167,167	370,619	537,786
NET ASSETS, beginning of year	<u>1,409,312</u>	<u>421,519</u>	<u>1,830,831</u>
NET ASSETS, end of year	<u><u>\$ 1,576,479</u></u>	<u><u>\$ 792,138</u></u>	<u><u>\$ 2,368,617</u></u>

The accompanying notes are an integral part of these financial statements.

COURT APPOINTED SPECIAL ADVOCATES OF TRAVIS COUNTY  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2016

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
<b>EXPENSES:</b>				
Salaries and wages	\$ 1,942,302	\$ 107,737	\$ 331,911	\$ 2,381,950
Employee benefits	318,587	17,672	54,442	390,701
Payroll taxes	145,484	8,070	24,860	178,414
	<u>2,406,373</u>	<u>133,479</u>	<u>411,213</u>	<u>2,951,065</u>
Computer supplies and support	28,137	766	18,249	47,152
Contract services	80,401	4,438	13,670	98,509
Depreciation	-	4,889	-	4,889
Direct services	25,680	-	-	25,680
Insurance	16,490	15,915	2,817	35,222
Marketing	20,923	22	4,923	25,868
Occupancy	170,212	9,441	29,088	208,741
Other expenses	51,976	2,316	11,309	65,601
Postage and shipping	2,142	119	2,776	5,037
Printing and publications	4,112	170	9,283	13,565
Professional fees	-	10,950	-	10,950
Supplies	10,945	273	1,700	12,918
Telephone	9,094	504	1,554	11,152
Training	22,025	122	1,115	23,262
Travel	89,820	298	902	91,020
	<u>531,957</u>	<u>50,223</u>	<u>97,386</u>	<u>679,566</u>
	<u>\$ 2,938,330</u>	<u>\$ 183,702</u>	<u>\$ 508,599</u>	<u>\$ 3,630,631</u>

The accompanying notes are an integral part of these financial statements.



COURT APPOINTED SPECIAL ADVOCATES OF TRAVIS COUNTY  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2015

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
<b>EXPENSES:</b>				
Salaries and wages	\$ 1,850,403	\$ 118,592	\$ 271,688	\$ 2,240,683
Employee benefits	304,132	19,492	44,655	368,279
Payroll taxes	138,411	8,871	20,322	167,604
	<u>2,292,946</u>	<u>146,955</u>	<u>336,665</u>	<u>2,776,566</u>
Computer supplies and support	30,437	1,114	7,795	39,346
Contract services	52,611	4,129	5,378	62,118
Depreciation	-	6,436	-	6,436
Direct services	23,508	-	-	23,508
Insurance	15,227	15,976	2,236	33,439
Marketing	23,302	-	1,646	24,948
Occupancy	170,346	11,105	25,440	206,891
Other expenses	73,305	9,001	12,193	94,499
Postage and shipping	4,739	295	2,360	7,394
Printing and publications	4,392	209	14,799	19,400
Professional fees	-	12,860	-	12,860
Supplies	20,073	875	2,831	23,779
Telephone	9,076	582	1,333	10,991
Training	10,420	327	749	11,496
Travel	103,059	119	1,882	105,060
	<u>540,495</u>	<u>63,028</u>	<u>78,642</u>	<u>682,165</u>
	<u>\$ 2,833,441</u>	<u>\$ 209,983</u>	<u>\$ 415,307</u>	<u>\$ 3,458,731</u>

The accompanying notes are an integral part of these financial statements.

COURT APPOINTED SPECIAL ADVOCATES OF TRAVIS COUNTY  
STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016	2015
OPERATING ACTIVITIES		
Change in net assets	\$ (168,155)	\$ 537,786
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	4,889	6,436
Present value adjustment to pledge receivables	(12,634)	13,249
Realized (gain) loss on investments	(5,812)	3,602
Deferred rent	(5,206)	(2,922)
Change in operating assets and liabilities:		
Pledge receivables	42,167	(168,530)
Grant receivables	274,686	(257,733)
Other receivables	(1,625)	(39,713)
Prepaid expenses	43,327	3,682
Deposits	5,237	(5,880)
Accounts payable	1,102	12,853
Compensated absences payable	(1,855)	3,829
Deferred revenue	20,240	(4,500)
Net cash flows from operating activities	196,361	102,159
INVESTING ACTIVITIES		
Investment in endowment fund	868	(24,570)
Purchases of property and equipment	-	(7,545)
Net cash flows from investing activities	868	(32,115)
FINANCING ACTIVITIES		
Net transfers and releases of restricted cash for capital campaign	-	-
Net cash flows from financing activities	-	-
NET INCREASE IN CASH AND CASH EQUIVALENTS	197,229	70,044
CASH AND CASH EQUIVALENTS, beginning of year	1,292,322	1,222,278
CASH AND CASH EQUIVALENTS, end of year	\$ 1,489,551	\$ 1,292,322

The accompanying notes are an integral part of these financial statements.

COURT APPOINTED SPECIAL ADVOCATES OF TRAVIS COUNTY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016 AND 2015

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Nature of Organization

CASA is a non-profit corporation created in 1985 under the Texas Nonprofit Corporation Act. The primary purpose of CASA is to provide trained volunteers who advise the courts about the best interests of children whose home placement is being decided by the court, as a result of abuse or neglect. CASA is supported primarily through grants, private donations, and fundraising events.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America.

Financial Statement Presentation

CASA reports under the provisions of FASB ASC 958-205, *Not-For-Profit Organizations*. Under FASB ASC 958-205, CASA is required to report information regarding its financial position and activities according to three classes of net assets:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations or the donor-imposed restrictions have expired or been satisfied. All gifts, grants and bequests are considered unrestricted unless specifically restricted by the donor.

Temporarily restricted net assets - Net assets that are subject to donor-imposed restrictions either for use during a specified time period or for a particular purpose.

Permanently restricted net assets - Net assets that are subject to donor-imposed restrictions that they be maintained permanently by CASA. CASA had no permanently restricted assets during either year.

Net Assets Released From Restrictions

When a donor-imposed restriction is fulfilled or when a time restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying statement of activities as net assets released from restrictions.

COURT APPOINTED SPECIAL ADVOCATES OF TRAVIS COUNTY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016 AND 2015

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

Cash and Cash Equivalents

CASA considers all cash and other highly liquid investments with maturity of three months or less when purchased to be cash and cash equivalents. Cash equivalents include money market accounts and commercial paper and are stated at cost plus accrued interest, which approximates fair value. Restricted cash is not included in cash and cash equivalents.

Pledge Receivables

Unconditional promises to give are recorded in the period in which a written agreement to contribute cash or other assets is received and are classified as unrestricted, temporarily restricted or permanently restricted support depending on the designation, existence or nature of any donor restrictions. Management does not consider an allowance for promises to give to be necessary as of December 31, 2016 and 2015.

Grant Receivables

CASA's grant receivables are valued using an allowance for collectible accounts. Under this method, a provision for uncollectible accounts based on management estimate is charged to expense and the allowance account is increased. CASA's management considers all receivables to be 100% collectible as of December 31, 2016 and 2015.

Property and Equipment

Property and equipment are recorded at cost and depreciated over their estimated useful lives. Any donated items are recorded at the fair value. When assets are retired, or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is recognized in the period. Maintenance and repairs are charged to expense as incurred, and significant renewals and betterments are capitalized. CASA has a policy of only capitalizing depreciable assets purchased at or over \$2,000, expensing items falling below that amount. Depreciation is provided using the straight-line method over the estimated useful lives of the assets generally as follows:

Leasehold improvements	3-5 Years
Equipment	5-7 Years
Furniture & fixtures	3-5 Years

COURT APPOINTED SPECIAL ADVOCATES OF TRAVIS COUNTY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016 AND 2015

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

Investments

Investments are carried at their market value and unrealized gains and losses are reflected in the statements of activities. Market values are determined by the most recently traded prices of securities at the statements of financial position date. Net realized gains or losses are determined on the specific identification cost method.

Fair Value Measurements

CASA's investments are accounted for at fair value with unrealized gains and losses reported in the statement of activities. Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*, defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants as of a given measurement date, and establishes a framework for measuring fair value. This standard also establishes a three-level hierarchy for such measurements based on the reliability of observable and unobservable inputs as follows:

Level 1- Valuations are based on quoted prices in active markets for identical assets or liabilities that CASA has the ability to access at the measurement date.

Level 2- Valuations are based on observable data other than quoted prices.

Level 3- Valuations are based on unobservable inputs for the asset or liability that reflect the reporting entity's own data and assumptions that market participants would use in pricing the asset or liability.

Compensated Absences

CASA expenses vacation in the year earned. Upon termination, the employee is compensated for any accrued but unused vacation. A maximum of six vacation days, for all employees, may be carried over into the following calendar year.

Special Event Revenues

Special event revenues consist of fundraisers sponsored by CASA and are reported net of direct expenses. CASA will receive funds in advance and present them as deferred revenue on the statement of financial position until the event occurs.

COURT APPOINTED SPECIAL ADVOCATES OF TRAVIS COUNTY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016 AND 2015

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

Contributions

CASA recognizes contributions as revenue when received or unconditionally promised. Contributions are measured at the fair value of the assets or services received or promised. The fair value of contributions arising from unconditional promises to give cash or other assets in one or more future years is measured (discounted) using a risk-adjusted rate of return appropriate for the expected term of the promise to give. Such discounts are amortized between the date the promise to give is initially recognized and the date the actual cash is expected to be collected. Revenues from program service fees and special events are recognized when received. Revenues are classified as restricted support if they are received with donor stipulations that limit the use of the contributions.

In-Kind Contributions

Donated property and services are recorded at fair market value on the date of the donation as in-kind contributions if all qualifications for reporting have been met.

Marketing

Marketing costs are expensed as incurred. For the years ended December 31, 2016 and 2015, advertising expense totaled \$25,868 and \$24,948, respectively. Of the \$25,868 of marketing expense during 2016, \$20,923 were expenses associated with advertising to recruit volunteers and \$4,945 were other marketing expenses.

Functional Expenses

Directly identifiable expenses are classified as program services, fundraising and general administration. Expenses related to more than one function are allocated to programs, fundraising and general administration on the basis of management estimates. General administration expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of CASA.

Exchange Transactions

CASA considers all contracts and grants from government entities as fee for service exchange transactions and not as contributions. Therefore, revenue is recognized as earned and expenses reported as incurred.

COURT APPOINTED SPECIAL ADVOCATES OF TRAVIS COUNTY  
 NOTES TO FINANCIAL STATEMENTS  
 DECEMBER 31, 2016 AND 2015

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

Exchange Transactions - Continued

CASA received pass-through funds from Texas CASA, Inc. which were approximately 27% and 19% of revenues for the years ending December 31, 2016 and 2015, respectively. The amounts from the originating agencies for the years ending December 31 were:

	2016	2015
State of Texas Crime Victim's Compensation Fund	\$ 612,196	\$ 503,604
Lonestar Proud for Kids (LSP)	505	968
Criminal Justice Department Victim of Crime Act	333,338	268,115
	\$ 946,039	\$ 772,687

These amounts are included in the revenue from government contracts on the statements of activities.

Income Tax Status

CASA is exempt under Section 501(c)(3) of the Internal Revenue Code from Federal Income Tax on income arising from its exempt purpose. CASA is also exempt from state income taxes in the state of Texas under Sections 151.310, 156.102, and 171.062 of the Texas Tax Code. Therefore, no provision for income taxes is included in the financial statements. Provisions for income taxes on unrelated business income are made when required for income from non-exempt activities and paid during the year.

CASA has adopted FASB ASC 740, *Accounting for Uncertainty in Income Taxes*. That standard prescribes a minimum recognition threshold and measurement methodology that a tax position taken or expected to be taken in a tax return is required to meet before being recognized in financial statements. It also provides guidance for de-recognition, classification, interest, and penalties, accounting in interim periods, disclosures, and transition.

COURT APPOINTED SPECIAL ADVOCATES OF TRAVIS COUNTY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016 AND 2015

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

Income Tax Status - Continued

CASA believes that it has appropriate support for any income tax position taken. Therefore, management has not identified any uncertain income tax positions. As of December 31, 2016 and 2015, CASA has not recognized liabilities for uncertain tax positions or associated interest and penalties. CASA's federal exempt organization returns for the years ended December 31, 2013, and after are subject to examination by the Internal Revenue Service, generally for three years after they are filed.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Subsequent Events

Management has evaluated all subsequent events for disclosure and/or recognition through the date of the Independent Auditors' Report, which is the date the financial statements were available to be issued.

**NOTE B - PLEDGE RECEIVABLES**

CASA received pledges, or promises to give, of donations related to its operations. Promises to be received after 2017 are discounted at 0.83% to 1.56% per year.

	2016	2015
Amounts due in:		
Less than one year	\$ 204,417	\$ 162,000
One to five years	70,205	154,789
Total unconditional promises to give	274,622	316,789
Less discount to net present value	(2,304)	(14,938)
Less allowance for uncollectible pledges	-	-
Net unconditional promises to give	\$ 272,318	\$ 301,851



COURT APPOINTED SPECIAL ADVOCATES OF TRAVIS COUNTY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016 AND 2015

**NOTE C - PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following at December 31:

	2016	2015
Furniture & fixtures	\$ 20,320	\$ 20,320
Computer equipment	6,916	6,916
Leasehold improvements	17,840	17,840
Software	15,916	15,916
	60,992	60,992
Less accumulated depreciation	(52,575)	(47,686)
	\$ 8,417	\$ 13,306

Depreciation expense was \$4,889 and \$6,436 for the years ended December 31, 2016 and 2015, respectively.

**NOTE D - ENDOWMENT**

CASA entered into an agreement with Austin Community Foundation (Foundation) to establish an endowment fund. The purpose of the endowment fund is to support CASA's programs. Contributions to the endowment fund are from two sources: 1) Donors making restricted contributions directly to the Foundation to support CASA and 2) CASA may contribute board designated unrestricted funds to the endowment fund.

FASB ASC 958 requires the two sources of contributions to be recognized by CASA and the Foundation as follows:

1) The funds contributed by CASA are recognized as an asset and board designated unrestricted net assets on CASA's statement of financial position, even though the agreement between CASA and the Foundation expressly creates a permanent endowment held irrevocably by the Foundation. CASA will record the related investment activity on CASA's contributions in the statement of activities. The Foundation recognizes CASA's contributions and related investment activity as a liability to CASA.

COURT APPOINTED SPECIAL ADVOCATES OF TRAVIS COUNTY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016 AND 2015

**NOTE D - ENDOWMENT - CONTINUED**

2) Donations made directly to the Foundation by individuals, corporations, and other Foundations are not recorded as contributions by CASA. The Foundation will record these as contributions. The Foundation will also record the related investment activity on such contributions. Contributions to CASA by the Foundation will be recorded by CASA as a contribution when received by CASA.

The Foundation preserves the principal amounts contributed in perpetuity and charges a fee as compensation for investing, administering, and distributing funds. Investments are administered in accordance with Foundation policies and monitored by an investment committee. The investment pool is a diversified portfolio of fixed income, large cap, small cap, international and alternative strategy investment vehicles which are managed by investment managers.

Variance power is reserved by the Foundation's Board of Governors and contained in the Foundation's Articles of Incorporation and By-laws. This power provides the Board the ability to modify any restriction or condition on the distribution of assets, if circumstances warrant. The annual amount available to be distributed to CASA is based upon the spending policy of the Foundation as established by the Board of Governors. The current spending policy allows a maximum of up to five percent of the 20 quarter average of the endowment to be available for distribution.

The fair value of the endowment is measured as Level 3 based on the criteria discussed in Note A.

The following is a summary of endowment investment activity during the year ended December 31:

	2016	2015
Beginning endowment balance recognized by CASA	\$ 67,689	\$ 46,721
Contributions by CASA	-	24,911
Interest income and realized gains (losses)	1,463	927
Unrealized gains (losses)	4,284	(4,332)
Management fees	(803)	(538)
Ending endowment balance recognized by CASA	\$ 72,633	\$ 67,689

COURT APPOINTED SPECIAL ADVOCATES OF TRAVIS COUNTY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016 AND 2015

**NOTE D - ENDOWMENT - CONTINUED**

The following is a summary of the pooled investments at the Foundation designated for CASA as of December 31:

	<u>2016</u>	<u>2015</u>
CASA's endowment fund	\$ 72,633	\$ 67,689
Other donors' contributions	<u>40,459</u>	<u>37,692</u>
Total fair market value of pooled investments	<u>\$ 113,092</u>	<u>\$ 105,381</u>

**NOTE E - IN-KIND CONTRIBUTIONS**

CASA received the following non-cash donations of goods and services that are reported as unrestricted support in the financial statements. The programs benefiting from the contributed goods and services are the following:

The following is a summary of in-kind contributions during the years ended December 31:

	<u>2016</u>	<u>2015</u>
Event direct expenses	\$ 2,600	\$ 13,420
Printing	1,956	4,165
Volunteer Appreciation Dinner catering	<u>-</u>	<u>1,000</u>
	<u>\$ 4,556</u>	<u>\$ 18,585</u>

**NOTE F - TEMPORARILY RESTRICTED NET ASSETS**

Net assets are released from donor restrictions by incurring expenses satisfying the restricted purposes, by occurrence of events specified by the donors, by the passage of time, or by the change of restrictions specified by the donors. Net assets released during the years ended December 31 are as follows:

	<u>2016</u>	<u>2015</u>
Life insurance payment	\$ -	\$ 7,500
Passage of time	<u>375,999</u>	<u>379,381</u>
	<u>\$ 375,999</u>	<u>\$ 386,881</u>

COURT APPOINTED SPECIAL ADVOCATES OF TRAVIS COUNTY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016 AND 2015

**NOTE F - TEMPORARILY RESTRICTED NET ASSETS - CONTINUED**

The following is a detail of the temporarily restricted net assets at December 31:

<u>Funding Source</u>	<u>Restrictions</u>	<u>2016</u>	<u>2015</u>
Michael and Susan			
Dell Foundation	Program expenses	\$ 156,000	\$ 468,000
Capital Campaign	Program expenses	7,349	7,349
Pledges	Future expenses	304,623	316,789
Shield-Ayers	Program expenses	30,000	-
Low Foundation	Program expenses	20,000	-
		<u>517,972</u>	<u>792,138</u>
Total		<u>\$ 517,972</u>	<u>\$ 792,138</u>

**NOTE G - FUTURE COMMITMENTS**

CASA is obligated for various equipment and office space under operating leases.

Future minimum lease payments for items under operating leases are as follows:

Year ending December 31,	
2017	\$ 228,635
2018	8,938
2019	8,938
2020	<u>4,919</u>
Total future minimum lease payments	<u>\$ 251,430</u>

Rental expense totaled \$219,909 and \$216,972 for the years ended December 31, 2016 and 2015, respectively.

**NOTE H - CONTINGENCIES**

CASA participates in various federal and state financial assistance programs. These programs are subject to financial and compliance audits by the grantors or their representatives and regulatory authorities. The purpose of the audits is to ensure compliance with conditions relating to the granting of funds and other reimbursement regulations. Management believes that any liability for reimbursement which could arise as the result of these audits would not be material to the financial position of CASA.

COURT APPOINTED SPECIAL ADVOCATES OF TRAVIS COUNTY  
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**NOTE I - BOARD DESIGNATION**

The Board has established a reserve to cover any revenue shortfalls that may occur due to grant delays or if fundraising receipts do not meet budgeted expenditures. The reserve target is three months of budgeted operating expenses. The Board also established an endowment fund at the Austin Community Foundation.

	2016	2015
Reserve	\$ 810,027	\$ 782,868
Endowment Fund	72,633	67,689
	\$ 882,660	\$ 850,557

**NOTE J - EMPLOYEE BENEFIT PLAN**

CASA has a defined contribution plan (Simplified Employee Pension) covering eligible employees. Eligible employees are at least 21 years of age and have worked for CASA in at least 3 of the last 5 years and has at least \$550 in compensation during 2016. Under the plan, CASA contributes five percent (5%) of each eligible employee’s salary. Contribution expenses incurred by CASA for the years ended December 31, 2016 and 2015, totaled \$102,287 and \$98,321, respectively.

**NOTE K - CONCENTRATION OF CREDIT RISK**

Financial instruments that potentially subject CASA to credit risk consist principally of cash at financial institutions and investments. At times, the balance in cash accounts may be in excess of FDIC insurance limits. Management continuously monitors CASA's balances at financial institutions and invests excess operating cash in short-term investments. At December 31, 2016, there was \$204,522 in funds in excess of FDIC insured limits.

SUPPLEMENTAL INFORMATION

COURT APPOINTED SPECIAL ADVOCATES OF TRAVIS COUNTY  
STATEMENT OF REVENUES AND EXPENSES  
VICTIMS OF CRIME ACT FUND  
YEAR ENDED DECEMBER 31, 2016

Grant Name: Victims of Crime Act Fund  
Grantor Name: Texas Criminal Justice Division

REVENUES	\$ 333,338
EXPENSES	
Salary and benefits	215,577
Operating expenses	117,761
TOTAL EXPENSES	<u>333,338</u>
Excess of revenues over expenses	<u><u>\$ -</u></u>

See independent auditors' report.

COURT APPOINTED SPECIAL ADVOCATES OF TRAVIS COUNTY  
STATEMENT OF REVENUES AND EXPENSES  
CRIME VICTIM'S COMPENSATION  
YEAR ENDED DECEMBER 31, 2016

Grant Name: Crime Victim's Compensation  
Grantor Name: Texas CASA

REVENUES	\$ 612,196
EXPENSES	
Salary and benefits	408,423
Operating expenses	203,773
TOTAL EXPENSES	<u>612,196</u>
Excess of revenues over expenses	<u>\$ -</u>

See independent auditors' report.